

## **ZAP AUDIT COMMITTEE CHARTER**

### **Purpose**

The Audit Committee (“Committee”) will assist the Board of Directors (“Board”) in oversight of the integrity of the Company’s financial statements and compliance with legal and regulatory requirements. The Committee will review the qualification and independence of independent auditors and the performance of internal audit functions and independent auditors that are ultimately responsible to the Committee and the Board. The Committee will continually endeavor to keep an open line of communication with independent accountants and other financial managers who are responsible for maintaining internal controls. The Committee will prepare the report that the SEC rules require to be included in the company’s annual proxy statement.

In carrying out its responsibilities, the Committee believes that the policies and procedures delineated in its Charter should remain flexible, in order to react best to changing business and regulatory requirements.

### **Organization**

The Committee will be composed of three outside directors at a minimum, who are not officers or employees of ZAP or its subsidiaries and are fully independent of management under the standards of the Pacific Exchange, as promulgated from time to time.

The members of the Committee must be financially literate, and at least one member of the Committee shall have accounting or financial management expertise, as defined by the Pacific Exchange. In addition, the Company must disclose, as required by the Securities and Exchange Commission, whether the Board has determined that there is at least one financial expert serving on Committee. The Board will judge the qualification and independence of directors for service on the Committee. Membership on the Committee will be based on Board election.

The Committee will meet regularly to perform its duties, and is initially scheduled to meet at least four times a year.

The Company will provide appropriate funding, as determined by Committee, to pay the independent accountants, and outside advisors hired by it, and any and all administrative expenses of the Committee.

### **Roles and Responsibilities**

#### **Financial Reporting**

1. Discuss as appropriate with senior financial management and independent accountants the significant assumptions, estimates, and judgments used in the preparation of the consolidated financial statements.
2. Review and discuss with management, ZAP's quarterly financial statement submission on form 10-Q, prior to release to the SEC. Review the financial section of the ZAP's Annual Report on form 10-K, prior to release to shareholders and filing with the SEC. Anticipated recommendation to the Board that the audited financial statements be included in the Company's Annual Report on form 10-K. Review with senior management and independent accountants the accounting principles as applied, their quality, and significant assumptions, estimates, and judgments used in preparation of the consolidated financial statements, including reviewing the company's specific disclosures under "Management Discussion and Analysis of Financial Condition and Results of Operations."
3. Discuss with management earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.
4. Review any significant changes in accounting principles or developments in accounting practices and the effects of these changes upon the Company's financial reporting.
5. Review the effect of regulatory and accounting initiatives, as well as off-balance sheet structures (if any exists), on the financial statements of the Company.
6. Review analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.

### **Independent Accountant**

7. Select the independent accountants and approve all related fees and compensation. Review selection with the Board. Oversee the work of the independent accountant, including resolution of any disagreements between the Company and the independent accountant regarding financial reporting.
8. On an annual basis, review the audit and non-audit fees and services provided by the independent accountant. Approve the Company's proxy disclosure with respect to such fees and approve for the coming year the fees to be paid to the independent accounting including non-audit services.
9. Verification of the independent accountant's actual independence and annual review of the independent accountant's report of the relationships between the independent accountant and the company. Discuss any relationships or services that may impact their objectivity and independence. Review the firm's internal quality control procedures and any material issues that spring there from. In addition, review any inquiry by regulatory authorities regarding independent accounting by the firm. Recommend to the Board any appropriate actions in response to these reports.

10. Review with the independent accountant any audit problems or difficulties and management's response. Conduct private reassessment sessions at least annually with the independent accountant.
11. Assess the effectiveness of the independent accountant audit. Review the scope of the independent accountant's proposed audit for the current year and review the annual audit report which is subsequently produced.

### **Internal Audit Review and Process**

12. Assess the effectiveness of the internal audit effort through regular meetings conducted separately with the independent accountant and internal auditors (or other personnel responsible for the internal audit function).
13. Review with the internal auditors (or other personnel responsible for the internal audit function) the adequacy of the system of internal controls and the responsiveness of management in correcting audit-related deficiencies.
14. Discuss policies regarding risk assessment and risk management.

### **Internal Controls**

15. Review the implementation of the Business Conduct Guidelines and management's system to monitor compliance with the Guidelines.
16. Ensure compliance with the process of hiring employees of the independent accountant into significant Company positions.
17. Oversee the adequacy of internal controls and procedures related to Officers' expense accounts.
18. Review litigation issues and any other risks or exposures as deemed appropriate by the Committee.

### **Other Committee Responsibilities**

19. Following each meeting, report on the proceedings of the Committee to the full Board.
20. Reassess the performance of the Committee annually, including the adequacy Committee's charter.
21. Conduct an annual performance evaluation of the Committee.
22. Meet periodically in executive session to discuss the Company's financial results as reported in the Quarterly and Annual Reports and hold other executive sessions as necessary, including a session for the annual evaluation of the Committee's own performance.
23. Obtain advice and assistance from outside legal, accounting or other advisors as required to assist in the executive of Committee responsibilities. As necessary, conduct or authorize independent reviews.
24. Maintain procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and for the confidential, anonymous submission by employees

of the Company of concerns regarding questionable accounting or auditing matters.  
25. The Committee shall have the sole authority to review and approve all related party transactions.

Dated June 16, 2005

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Gary Starr, Chairman

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Steven Schneider, CEO & Director

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Renay Cude, Secretary & Director

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Guy Fieri, Director

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Louis Auletta, Director

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Gerald Gallagher, Director